

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113  
Sacramento, CA

Minutes of Meeting  
February 7, 2008

**COMMISSIONERS PRESENT**

Cathie Bennett Warner  
Vicki Marti  
Nancy McFadden  
John Longville

**COMMISSIONERS ABSENT**

Michele Burton  
Wilma Chan

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Paul Cerles  
Tacia Carroll  
Denise DeTrano  
Holland Golec  
Mark Klobberdanz  
Katie Knudson  
Becky Swol  
Mike Tagupa  
Mervin Tamai  
Karen Thalhammer

**EX-OFFICIO MEMBERS PRESENT**

Toby Douglas, Department of Health Care Services  
Thomas Williams, Department of Finance  
John Fitzpatrick II, Department of Finance

**EX-OFFICIO MEMBERS ABSENT****I. Call to Order**

The February 7, 2008 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

**II. Approval of Minutes**

The January 24, 2008 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Keith Berger, Executive Director, began his report by noting that he would keep his comments brief because of a very full closed session agenda. He informed the Commissioners that there are 64 contracts and amendments before them for review and action today, as well as a number of updates and discussions regarding current rate negotiations and CMAC's supplemental and distressed fund processes.

Mr. Berger indicated that the Legislature has begun special session hearings on the budget-balancing reduction proposals presented in the Governor's Budget. At the request of the Assembly Budget Subcommittee No. 1, Mr. Berger testified briefly at their hearing last week on the 10 percent reduction proposed for the CMAC administrative support budget.

Mr. Berger noted that the proposal is for an unallocated reduction of \$286,000 (\$143,000 General Fund). He indicated that staff is in the process of reviewing all aspects of CMAC's operations to determine how to make the reductions without significantly affecting the timing and outcomes of hospital and managed care negotiations. The presentation was informal, and was not a special session item because it does not require a statutory change. Mr. Berger noted that the Legislature will review Budget Reduction items like CMAC's during the normal budget process.

### **IV. Department of Health Care Services (DHCS) Report**

Toby Douglas, DHCS, informed CMAC that all ten counties participating in local programs through the 2005 Health Coverage Initiative, which is part of the hospital financing waiver, have begun enrollment for approximately 32,000 individuals. He noted that DHCS has submitted an evaluation plan as well as began the proper procedures to ensure federal funding from Centers for Medicare & Medicaid Services (CMS).

Mr. Douglas indicated that in the last couple of weeks, DHCS has had their budget hearings, in which the Administration is proposing an approximate \$1 billion (General Fund) reduction to the DHCS budget. He stated that DHCS would most likely cut costs in the three basic areas of Medi-Cal, including provider rates, benefits that are offered to beneficiaries and the eligibility process. Primarily, the reductions are focused on provider rates and optional benefits that Medi-Cal provides. There are no changes to the income eligibility criteria, although there are some administrative changes in the eligibility process. Mr. Douglas noted that there have been discussions between the Legislature and various stakeholders on the merits of each of the proposals. The Legislature has until February 23, 2008 to act on these proposals.

Although these budget cuts will be difficult to endure, Mr. Douglas expressed that these cuts are needed to help close the current budget deficit gap.

At this time, Mr. Douglas was pleased to introduce Cathy Halverson, who is a new Deputy Director at DHCS. Mr. Douglas explained that under the reorganization of the Department of Health Services, the department was divided into the Department of Public

Health and DHCS. Under DHCS there are two Deputy Directors (Mr. Douglas and Ms. Halverson) each oversee six of the 12 health care divisions. Ms. Halverson will manage Safety Net Financing, Medi-Cal Managed Care, Provider Enrollment, Utilization Management, Long Term Care as well as Primary and Rural Health Programs.

**V. Department of Finance (DOF) Report**

Thomas Williams, DOF, reported that the budget subcommittees have taken testimony and have heard all of the issues regarding these proposed health care related budget changes. He noted that nothing has yet been acted on.

**VI. New Business/Public Comments/Adjournment**

There being no further new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.